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ABSTRACT

This model curriculum is addressed to the training needs of personnel working in general white-collar crime assignments located in state and local police or prosecutors' offices. It is designed intentionally to orient personnel to the requirements of building a case as it moves along the enforcement process. Materials on trainer use and modification of the model curriculum appear first. They cover adaptation to meet specific needs, recruiting and orienting instructors, selecting participants, and obtaining instructional materials. The comprehensive curriculum is organized into 14 enforcement issues, including orientation (introduction, relationship of white-collar crime to other crime problems), investigative planning, detection (conducting searches for violations, intelligence collection and analysis, handling of complaints), detection and investigation (locating sources of documentary information, employing financial investigation tools), investigation (interviewing victims and witnesses, interviewing suspects, computer-related fraud, using the computer as an investigative aid), and post-investigation (presentation of completed investigation to prosecutor, use of civil and administrative remedies). For each issue this information is provided: instructional goal, rationale, training objectives, and resource materials. (YLB)

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MODEL CURRICULUM AND TRAINER'S GUIDE FOR PROGRAMS TO COMBAT WHITE-COLLAR CRIME

by

Clifford L. Karchmer

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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FOREWORD AND ACKNOWLEDGMENTS

This model curriculum is one of a series of publications by Battelle's National Center on White-Collar Crime as part of its program of support services to agencies engaged in the prevention, detection, investigation, and prosecution of white-collar crime and related abuses. These publications are intended for use in actual law enforcement operations, as well as training, on the theory that the best training materials are those which most respond to the day-to-day needs of users who regularly practice their skills.

This model curriculum is based on a comprehensive view of the relationships between the elements of white-collar crime and the operational needs of the law enforcement community. It is, we hope, a roadmap which will assist law enforcement agencies to initiate effective programs for on-the-job training as well as formal training operations. It has been structured to encourage its users to adapt its contents to respond to specific agency needs.

Special mention should be made of the support and encouragement of James O. Golden, Director of the Criminal Conspiracies Division of the Office of Criminal Justice Programs, Law Enforcement Assistance Administration, and of Mr. Jay Marshall who is our L.E.A.A. Project Monitor. Last, we gratefully acknowledge the invaluable support of members of the Battelle Law and Justice Study Center staff, and particularly that of Cheryl Osborn and Charleen Duitsman who typed our manuscripts, kept our files, and did all those things without which this series could not have been created.

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Prior to joining Battelle, the author served as Director of the Massachusetts Organized Crime Control Council, as Police Program Specialist for the Massachusetts Committee on Criminal Justice, and as a special agent and research coordinator for the Pennsylvania Crime Commission.

Other law enforcement publications, which he co-authored, include The Report on Organized Crime (Pennsylvania Crime Commission, 1970), and Compendium of Planning and Operational Guides to White-Collar Crime Enforcement (Washington, D.C.: Government Printing Office, 1979). Presently, he is completing an enforcement manual on arson-for-profit under a 1979 LEAA technical assistance grant to Battelle.

I. HOW TRAINERS CAN USE AND MODIFY THE MODEL CRRICULUM

A. Introduction

Over the past decade, we have seen nationwide interest in white-collar crime grow at a tremendous pace. Whether this concern has been generated by scandals or by the abuses uncovered by crusading public officials, the term "white-collar crime" has become a catchall expression. Often this term is used without clearly defining the abuse(s) it is intended to describe. In order to avoid a lengthy discussion of what should or should not be included in the term, the model curriculum uses this definition of white-collar crime:

> . . . an illegal act or series of illegal acts committed by nonphysical means and by concealment or guile, to obtain money or property, to avoid the payment or loss of money or property, or to obtain business or personal advantage.[1]

A number of major crime problems which are often treated as separate issues can fall within this definition. These include organized crime (especially where illicit profits are secretly plowed into legitimate businesses) and official corruption. Other problems could also be included within the definition, depending upon whether criteria such as concealment or criminal intent are applied. In the last analysis, the value of any training program developed from the following model depends upon whether enforcement resources are committed primarily to invoke remedies for white-collar crime.

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[1]Herbert Edelhertz, The Nature, Impact, and Prosecution of White-Collar Crime (Washington, D.C.: U.S. Government Printing Office, 1970), p. 3.

B. Adapting the Model Curriculum to Meet Specific Needs[2]

This model curriculum is addressed to the training needs of personnel working in general white-collar crime assignments (often known as "fraud" or "economic crime" units) which are located in state or local police or prosecutors' offices.

This curriculum is designed intentionally to orient personnel to the requirements of building a case as it moves along the enforcement process. This focus is substantially different from that of other approaches, which stress methods to attack specific types of fraud or to utilize particular laws or administrative remedies. Because this curriculum has been geared to requirements of the enforcement process as a whole rather than to its specific parts, it follows that the model curriculum will be most beneficial for those who want to conduct a process-oriented training program.

Clearly, personnel in highly specialized enforcement units or in regulatory agencies will find some topics in this curriculum more helpful than others, depending upon their units' legal jurisdiction, policies, and priorities. In order to adapt the curriculum for personnel with specific needs (e.g., beginning, advanced, or specialized personnel), the user is provided with one or more references at the end of each topic discussion. These references can be reviewed in order to gauge the need to raise, lower, or otherwise modify the sophistication level by which each topic is addressed.

One way to modify the curriculum for a particular group is to select course instructors directly suited to the needs of that group. For example, the treatment of financial investigation could be split into more than one lecture

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[2]For background reading on refining educational and training objectives, see Robert F. Mager, Preparing Instructional Objectives, 2d ed. (Belmont, Calif.: Fearon Publishers, 1975). The development of white-collar crime training programs is also covered in Appendix A of the manual by Herbert Edelhertz, et al., The Investigation of White-Collar Crime (Washington, D.C.: U.S. Government Printing Office, 1977).

segment, with a special instructor teaching advanced students who are already familiar with the basics of accounting and financial investigation. Another method of adapting the curriculum is to select technical and specialized background readings for the students and to gear these readings to the students' experience levels or specialized disciplines. One publication designed to identify such material is the Compendium of Training and Operational Guides to White-Collar Crime Enforcement which contains over 60 references to technical materials. Limited copies are available from either the National Center on White-Collar Crime, located at Battelle, Seattle, or from the Criminal Conspiracies Division, Office of Criminal Justice Programs, Law Enforcement Assistance Administration, Washington, D.C. 20531.

C. Recruiting and Orienting Instructors

Recruiting qualified white-collar crime instructors is not difficult if trainers know what qualities to look for. One of the best ways to match instructors with training needs is to select several candidates for each course topic, each of whom might do a satisfactory job with that topic. Then, jointly with someone else either working on the development of the course or engaged directly in white-collar crime enforcement, discuss the strengths and weaknesses of each candidate. There is ample justification for selecting instructors on the basis of rigid criteria. First, it is important to examine the records of instructors as communicators of knowledge, as well as their records as investigators, prosecutors, or supervisors. Instructors may develop reputations as "terrific speakers" only because they are tellers of colorful "war stories"; not necessarily because they are good communicators of practical enforcement knowledge.

Whether instructors will be paid or will volunteer their services, it is important to set forth for them a clear, concise statement that covers exactly what they are to speak

about. This statement should also explain where and how each topic fits into the overall course theme. Conscientious instructors usually appreciate these efforts to help them structure their presentations. However busy they may be, they usually find time to prepare adequately for the course if they know what is expected of them. If instructors work under a contractual (e.g., consultant) arrangement, it should be possible to include contract provisions covering both the required preparation and prior mutual agreement on subject matter. If the training budget can support these provisions, it will be a worthwhile investment of time--and money.

In orienting instructors, it helps to obtain from them an outline of the points they will make in their presentations. If possible, encourage them to express each point in their outline as a simple, declarative sentence. These outlines can then serve several purposes. First, the outlines can be distributed to students so that they can follow each lecture, point by point. Second, they can be used by training course administrators to spot needless overlap or to help detect gaps in coverage of important points so the problems can be remedied well before the course. Third, outlines can be distributed to other instructors to give each one an idea of what the others will be covering and how each can develop or embellish a point made by another instructor.

The National Center on White-Collar Crime is identifying experienced instructors in this field. Inquiries are welcome from those planning to conduct white-collar crime and related training courses. Other organizations which have sponsored training courses on or related to white-collar crime should also be contacted for advice and possible assistance:

- Economic and Financial Crimes Training Unit
  FBI Academy
  Quantico, Virginia 22135

- Federal Law Enforcement Training Center
  Glynco, Georgia 31520

- National Training Center
  Internal Revenue Service
  2221 Jefferson Davis Highway
  Arlington, Virginia 22202

- Cornell Institute on Organized Crime
  Cornell University Law School
  Myron Taylor Hall
  Ithaca, New York 14853

- Dade County Institute on Organized Crime
  Biscayne Community College
  16400 N.W. 32nd Avenue
  Miami, Florida 33054

- National College of District Attorneys
  Bates College of Law
  University of Houston
  Houston, Texas 77004

In many locations, industry and professional associations have sponsored programs on white-collar crime issues. The most popular courses seem to be in the fields of insurance fraud, computer fraud, financial investigation, and business security. Local offices or chapters of national agencies and organizations can often provide information on available instructors and may be able to help rate their suitability for law enforcement audiences.

D. Selecting Participants

Whether or not an organization has a selective admission policy depends upon local conditions of manpower availability, funding, and time. Assuming that it will be possible to select students from a list of applicants, the following criteria should be considered:

Criterion	Reason for Concern
Length of involvement in white-collar crime enforcement	Novice personnel may be too new to criminal investigation or prosecution to be able to distinguish the special requirements of white-collar crime enforcement

Prior relevant training	Students may have attended other courses as basic (or advanced) as that planned, and therefore may derive little or no benefit
Degree of specialization	Some specialists in white-collar crime enforcement may have little, if anything, in common with the other students; or they may have such limited involvement in the enforcement process that the bulk of the course may be inapplicable (and uninteresting) to them.

In many cases, students who are more advanced than the majority of the other attendees may be helpful course participants for several reasons. First, they may serve as good evaluators of the course for the course sponsor. Because of these students' experience, they are often good judges of the value of each instructional segment for the less-experienced students. Second, they can make use of their peer status with other students to assist the less-experienced students in absorbing the course material--both formally in class and informally at meals and during free time.

There are many viewpoints on ways to divide course attendees into workshop or discussion groups. Some believe that it is more helpful to "track" the students by placing into each workshop students with similar terms of service or specialized duties. In this way, novices, intermediates, and more experienced students will discuss problems at their respective levels of competence and in terms of mutual concerns. Others believe that it is best to mix students and avoid tracking. As a compromise, one might consider having some workshops and discussion groups consist of a mix of all types of students, and others made up of students who are either tracked or assigned according to their specialities (e.g., police/prosecutors, or managers/operational personnel).

Whatever method is chosen, it is important to be guided by one's own assessment of the background and needs of the student body. Clearly, concerns about workshop assignments in a

seminar for chiefs of securities enforcement units are very different from those involved in training 50 investigators and 50 prosecutors from general fraud units. As a rule of thumb, it helps to develop a profile of course students which covers their backgrounds, specialities, and experience levels. One option to consider is to aim each course at the majority of students who form the "middle ground." Then, time can be set aside to address the needs of special groups (e.g., novices, advanced, and/or highly specialized participants).

E. Obtaining Instructional Materials

With some searching, it is possible to locate a good deal of useful and relatively low-cost instructional material. First, consult the Compendium of Planning and Operational Guides to White-Collar Crime Enforcement, copies of which are available (in limited supply) from the National Center on White-Collar Crime. Second, canvass industry and professional organizations concerned with white-collar crime. The larger the jurisdiction, the more likely it is that a regional office or local chapter of such an organization is located within the area served. Many such organizations maintain training staffs--nationally and sometimes locally--that have conducted programs for law enforcement agencies, as well as for their own personnel. If local staff members cannot help immediately, they can often place the requestor in touch with the national office's training or research staff. Frequently, training materials developed for "in-house" use can be made available to outside agencies if the requestor knows what to ask for and can assure the issuing organization that such materials will be kept within his or her distribution and security restrictions.

Material published in government reports, including the products of LEAA-sponsored projects, can usually be obtained inexpensively or reproduced without copyright approval. There is a wealth of other material that is protected by copyright;

however, permission can often be obtained from the copyright holders to reproduce these materials.[3]

An initial search for instructional material should include those federal agencies that conduct training programs and develop their own material, such as the FBI, IRS, SEC, and LEAA.[4] Private organizations that conduct educational programs on white-collar crime include the Insurance Crime Prevention Institute, Westport, Connecticut; The American Society for Industrial Security, Washington, D.C.; the Institute of Internal Auditors, Altamonte Springs, Florida; the Bank Administration Institute, Park Ridge, Illinois; and the Computer Security Institute, Northboro, Massachusetts.

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[3]In view of recently enacted federal copyright legislation, this is a particularly important issue to be considered in preparing materials for training programs.

[4]As of this writing, training programs were being developed by the Enforcement and Compliance Division, Comptroller of the Currency, U.S. Treasury Department, Washington, D.C. 20219; and the Federal Law Enforcement Training Center, U.S. Treasury Department, Glynco, Georgia 31520.

II. COMPREHENSIVE CURRICULUM ON WHITE-COLLAR CRIME ENFORCEMENT TRAINING

Enforcement Issue: Orientation to the Problem; I: Introduction - What Is White-Collar Crime?

Instructional Goal:

To educate enforcement personnel about (1) the nature of white-collar crime, and (2) the harm done to individuals and to society by white-collar crime offenders.

Rationale:

Investigators must develop a thorough working knowledge of what is meant by "white-collar crime," the relevance of this enforcement area to the broad range of individual agency objectives, and the kinds of responses they may be capable of effecting. Unless investigative personnel are exposed to a well-developed and comprehensive session of "consciousness raising" at the beginning of their training, the various skills and techniques taught later may not seem relevant to the needs of the trainees and their agencies. White-collar crime refers to an enormous variety of individual crimes. Therefore, it is critical that the students develop an understanding of how white-collar crime offenders operate, and a perception that with their individual and collective energies they can combat them effectively, as well as advance their personal and agency objectives at the same time.

Training Objectives:

1. To communicate a specific, operational definition of white-collar crime--one which includes the various offenses to which the term applies.

2. To clarify the nature and extent of white-collar crime in the nation and the different harmful effects that it has on individuals and economic and political institutions.

3. To understand the roles and relationships among criminal justice personnel who investigate, prosecute, and otherwise combat white-collar crime.

4. To communicate the responsibility that personnel have to educate the public in general, and businesses and professional associations in particular, about the need to combat white-collar crime, to deter such violations, to make it more likely that violations will be reported, and to increase community cooperation with enforcement personnel.

Resource Materials:

Edelhertz, Herbert. The Nature, Impact, and Prosecution of White-Collar Crime. Washington, D.C.: Government Printing Office, 1970.

Edelhertz, et al. The Investigation of White-Collar Crime, Chapters I-III. Washington, D.C.: Government Printing Office, 1977.

A Handbook on White-Collar Crime. Washington, D.C.: Chamber of Commerce, 1974.

Enforcement Issue: Orientation to the Problem; II: Relationship of White-collar Crime to Other Crime Problems

Instructional Goal:

To establish that white-collar crime is not an isolated problem, that it causes and grows out of other crime problems, including organized crime and corruption, in both the private and the public sectors.

Rationale:

White-collar criminal activities are closely related to other criminal activities. For those who intend to steal, white-collar crime is an alternative approach to theft, whether it is theft from the government or from private parties. Often those who are engaged in highly organized forms of crime (organized crime) commit white-collar crimes in order to realize and hold on to their illicit profits, or to find new (and perhaps otherwise legal) ways of investing their illicit earnings. It is essential that white-collar crime enforcement personnel develop a thorough understanding of all relationships between and among white-collar and related crimes, primarily to develop working relationships with units and agencies specializing in combatting these particular criminal activities.

Training Objectives:

1. To develop an awareness of characteristic white-collar criminal activities that naturally develop out of common street crimes and organized crime.

2. To develop a knowledge of criminal organizations in which planning, division of labor, secrecy, and insulation of leadership are the major characteristics that present detection and investigation problems.

3. To understand when, why, and how criminals active in organized crime engage in white-collar crime activities, or develop working relationships with criminals involved in fraud schemes.

4. To know the characteristics and indicators of corruption in public agencies, and how corruption develops in them.

5. To develop and maintain both liaison and operating relationships with agencies responsible for preserving integrity in governmental programs, as well as with agencies that investigate organized crime, corruption, and other types of well-planned and ongoing criminal activity.

Related Skills:

1. Interagency liaison
2. Intelligence analysis

Resource Materials:

DeFranco, Edward. Anatomy of a Scam. Washington, D.C.: Government Printing Office, 1973.

Edelhertz, et al. The Investigation of White-Collar Crime, Chapter I. Washington, D.C.: Government Printing Office, 1977.

Gardiner, John A. Politics of Corruption. New York: Russell Sage, 1970.

Lyman, Theodore, et al. Prevention, Detection, and Correction of Corruption in Local Government. Washington, D.C.: Government Printing Office, 1978.

Enforcement Issue: Investigative Planning

Instructional Goal:

To familiarize the investigator with the value of early and continuing information analysis in order to plan for the various events that might arise during the investigation; and where necessary, to alter the direction of the investigation according to the findings of continuing information analysis.

Rationale:

Fraud often involves complex crimes in which the full dimension of the scheme is evident only after a prolonged investigation. In order to manage a fraud investigation successfully, it is important at the outset of the inquiry to determine: (1) that there is a strong prospect that the inquiry will be as productive as was initially expected; and (2) the different offenses that might have been committed. By proceeding in this manner, investigators will be able to build a case involving the maximum number of defendants involved. In addition, the investigator may select the most appropriate and effective charges to bring against the defendants, based upon a thorough review of alternative charging options.

Training Objectives:

1. To enable the investigator to analyze intelligence data, agency referrals, complaints, and other pertinent information to determine whether an investigation, in its early stages, has enough potential to proceed.

2. To gather all available information about a fraud scheme or a variety of schemes in order to chart all probable events and relationships that could account for the way in which the fraud developed.

3. To examine all possible patterns of facts and circumstances that explain a scheme or pattern of activity, in order to select, given the range of all possible options, the most effective criminal, civil, and/or administrative action.

4. To determine whether there are legitimate business explanations for the conduct under examination so that unjustified enforcement action may be avoided; but, if the actions are determined to have no legitimate explanation, to increase the impact of the completed investigation.

5. To make use of a system for the management of materials, documentary and otherwise, gathered in the course of an investigation, and an indexing system to assure prompt, accurate access and retrieval of the material.

Relevant Skills:

1. Intelligence collection and analysis
2. Document review and analysis

Resource Materials:

O'Neill, Robert. Investigative Planning. Washington, D.C.: Government Printing Office, 1979.

Visual Investigative Analysis. Sacramento: California Department of Justice, Advanced Training Center, 1975.

Enforcement Issue: Detection:
Conducting Searches for Violations

Instructional Goal:

To identify methods that investigators can use to uncover incidents and patterns of fraud in the absence of complaints.

Rationale:

It is important that investigators know where and how to search for probable white-collar crime violations. Different types of fraud victimize different segments of the population. Investigators should be able to satisfactorily answer the following questions: how much fraud is there in my jurisdiction that may concern my agency? who are the citizens and what are the institutions victimized? and who are the probable offenders?

Training Objectives:

1. To develop a special sensitivity to the indicators of fraud in one's jurisdiction, and to the existence of vulnerable situations in which such crimes are likely to occur.
2. To know the sources of public document and news media information that can enable the investigator to extract leads on probable fraud violations.
3. To obtain information on probable violations by developing cooperation with business and professional organizations.
4. To develop a liaison with other public agencies (e.g., licensing, regulatory, and revenue) in order to encourage the reporting of violations.
5. To use knowledge obtained from investigations in other types of cases (e.g., theft or organized crime) to help develop white-collar crime investigations of the same or other subjects.

6. To develop a familiarity with information on possible fraud violations contained in computer copy, and to be able to identify patterns of illegal activity from such information.

Relevant Skills:

1. Document review and analysis
2. Intelligence analysis
3. Interviewing
4. Interagency liaison

Resource Materials:

A Handbook on White-Collar Crime. Washington, D.C.: U.S. Chamber of Commerce, 1974.

Edelhertz, et al. The Investigation of White-Collar Crime, Chapter IV, pp. 179-199. Washington, D.C.: Government Printing Office, 1977.

Godfrey, E. Drexel, et al. Basic Elements of Intelligence (revised edition). Washington, D.C.: Government Printing Office, 1976.

Villano, Clair E. Complaint and Referral Handling. Seattle: National Center on White-Collar Crime; forthcoming, 1980.

Enforcement Issue: Detection:
Intelligence Collection and Analysis

Instructional Goal:

To enable the investigator to gauge the extent of fraud patterns in his or her jurisdiction and to identify probable fraud offenders.

Rationale:

The time and personnel of white-collar crime units are valuable. Time and personnel should be allocated according to priorities which in turn are based upon an accurate determination of the jurisdiction's fraud problems. In order to accomplish this, it is necessary for fraud unit personnel to develop skills in collecting intelligence (in the normal course of detection and investigation), in analyzing intelligence to determine its reliability and importance, and in storing and retrieving such information.

Training Objectives:

1. To know what kinds of information to collect on the variety of fraud schemes and offenders operating in the investigator's jurisdiction, and how to collect them.

2. To elicit intelligence on a routine basis from other investigators in the same agency, in other agencies, and in private agencies; and to remain aware of interagency protocols, and security and privacy restrictions.

3. To analyze information on the various types of fraud schemes and offenders, demonstrating familiarity with such techniques as link, event, cash flow, and visual investigative analysis.

4. To identify and draw upon sources of public record information and confidential informant intelligence in the jurisdiction.

5. To employ collection and analytical skills satisfactorily to the point that indicators of fraud schemes in their early stages of growth can be identified and such activities combatted through investigation and prosecution.

6. To be able to collect both strategic intelligence (at the detection stage) and tactical intelligence (during investigation).

7. To use the intelligence gathered for planning the conduct of fraud investigations.

8. To use information contained in files of closed or terminated cases as intelligence on possible offenders.

Relevant Skills:

1. Report writing
2. Document review and analysis
3. Interviewing

Resource Materials:

Edelhertz, et al. The Investigation of White-Collar Crime, Chapter III. Washington, D.C.: Government Printing Office, 1977.

Godfrey, E. Drexel, et al. Basic Elements of Intelligence (Revised edition), Chapter IV and Appendix F. Washington, D.C.: Government Printing Office, 1976.

Hagen, Roger. The Intelligence Process and White-Collar Crime. Washington, D.C.: Government Printing Office, 1979.

Handbook of Self-Evaluation Guidelines for Intelligence Units. Sacramento: California Department of Justice, Organized Crime and Criminal Intelligence Branch, 1976.

Enforcement Issue: Detection:
Handling of Complaints

Instructional Goal:

To teach the investigator the importance of encouraging and properly handling victim complaints, and procedures for processing, retrieving, and tracking such information.

Rationale:

In general, enforcement agencies lack standard procedures for encouraging members of the public victimized by fraud to report such activity. By establishing both formal procedures and sensitive methods of handling personal interactions, fraud unit personnel should be able to encourage citizens to report white-collar crime offenses.

Training Objectives:

1. To understand the crucial importance of complaints to the functions of detection, investigation, and prosecution.
2. To familiarize the investigator with methods to initiate and maintain contacts with citizens organizations and business owners in order to create an incentive for reporting fraud victimization.
3. To develop the capability to effectively assemble and analyze complaint information from different sources and/or agencies, including complaint information that is related but does not initially appear to be related.
4. To determine which complaints should be retained by the unit for verification and/or further investigation, and which should be referred to other departmental units or outside agencies.
5. To enable the investigator to monitor at any time the status and progress of all complaints received.

6. To use complaints as a means of determining whether or not to initiate investigations and to allocate necessary resources.

7. To use the analysis of complaints as an indication of the unit's effectiveness.

8. To develop the capability of generating referrals to other agencies with jurisdiction over fraud problems, and to encourage referrals from other agencies to the investigator's own.

Relevant Skills:

1. Interviewing
2. Report writing
3. Resource allocation

Resource Materials:

Edelhertz, et al. The Investigation of White-Collar Crime, Chapter II, pp. 53-64 and 72-78. Washington, D.C.: Government Printing Office, 1977.

Villano, Clair E. Complaint and Referral Handling. Seattle: National Center on White-Collar Crime; forthcoming, 1980.

Enforcement Issue: Detection and Investigation:
Locating Sources of Documentary Information

Instructional Goal:

To enable the investigator to identify all sources of public record information about a subject, business entity, and/or fraud scheme from public and private agencies.

Rationale:

Investigators may embark on criminal investigations without obtaining and analyzing all available background information. Substantial information about offenders and their businesses and fraud schemes is often readily available from a wide range of public licensing agencies, regulatory agencies, and other agencies, and even from professional associations. It is also important to obtain such information in order to determine whether regulations and laws regarding disclosure, registration, filings, and false statements may have been violated.

Training Objectives:

1. To familiarize investigators with the existence of repositories of information on prior investigation, litigation, licenses, property transfers, permits, registrations, filings, and other data on individuals, businesses, and fraud schemes; and how to best obtain, store, retrieve, and utilize such information.

2. To locate those kinds of documents in each jurisdiction where the submission of false or incomplete information may be cause for administrative, civil, or criminal action.

3. To assemble a file of all such available information in order to augment intelligence information about individuals and fraud schemes.

4. To know when and how to obtain information through the use of search warrants and subpoenas, and any special applications that warrants and subpoenas may have in white-collar crime cases.

5. To understand the requirements of state and federal privacy and security legislation for access to, and usage of, records.

Relevant Skills:

1. Document review and analysis
2. Report writing
3. Interviewing

Resource Materials:

Edelhertz, et al. The Investigation of White-Collar Crime, Appendix B, pp. 267-275. Washington, D.C.: Government Printing Office, 1977.

Glick,. Rush, et al. Fraud Investigation: Fundamentals for Police, pp. 271-288. Springfield, IL: Charles C. Thomas, 1974.

Real Estate and Title Research. Miami: Dade County Department of Public Safety, 1975.

Enforcement Issue: Detection and Investigation: Employing Financial Investigation Tools

Instructional Goal:

To enable personnel to make productive use of financial documents and examinations to detect possible fraud and to use such information to guide investigations.

Rationale:

A frequent reason given for the reluctance to combat white-collar crime is that investigators need to have extensive accounting backgrounds. Although such knowledge is helpful, it is not essential to the investigation of most types of fraud. It is important that investigators develop a general working knowledge of financial statements and balance sheets in order to make some preliminary determinations about: (1) what the statements alone tell about possible frauds; and (2) what leads the investigator can extract from the statements in order to ask the auditors or accountants specific questions. It is also essential that an investigator realize that the detection of fraud is largely assisted by a working knowledge of business practices and the financial conditions reflected in financial statements.

Training Objectives:

1. To identify likely sources of financial information, e.g., statements, books, checks, business records, mortgage documents, and sales and purchase documents.
2. To develop the capability to ask specific and relevant questions of auditors, accountants, bank examiners, and other preparers of financial examinations regarding possible fraudulent activity.
3. To be able to develop specific questions and assignments for financial examiners in order to obtain follow-up information.

4. To develop a working knowledge of business and accounting terms.

5. To guide auditors, accountants, and other financial examiners in uncovering the elements of fraudulent activity in the course of investigations.

6. To use information generated by computers to detect and investigate fraud relating to financial transactions.

7. To be able to trace the movement and control of assets from the actual owner to straws and other parties.

Relevant Skills:

1. Document review and analysis
2. Report writing
3. Interagency liaison

Resource Materials:

Briloff, Abraham. More Debits Than Credits: The Burnt Investigators Guide to Financial Statements. New York: Harper and Row, 1976.

Edelhertz, et al. The Investigation of White-Collar Crime, Appendix D, "The Seventh Basic Investigative Technique." Washington, D.C.: Government Printing Office, 1977.

Introduction to Books and Records. Quantico, VA: FBI Academy, 1975.

Nossen, Richard. The Determination of Undisclosed Financial Interest. Washington, D.C.: Government Printing Office, 1979.

Enforcement Issue: Investigation:
Interviewing Victims and Witnesses

Instructional Goal:

To enable personnel to interact with fraud victims and witnesses in order to encourage cooperation and elicit the maximum amount of information.

Rationale:

Because fraud investigation usually involves determination as to whether a crime was committed rather than the identity of the offender, the investigation of white-collar crimes requires frequent contacts with possible victims and witnesses of the fraudulent activities. In order to interact with citizens sensitively, investigators must conduct themselves in such a manner as to persuade victims and witnesses not only to report offenses, but also to cooperate fully throughout the ensuing investigations.

Training Objectives:

1. To conduct the interview in a manner to secure complete, detailed, and explicit information about fraud schemes and offenders.
2. To obtain all documentation relevant to the incident or scheme communicated by the victim or witness.
3. To reinforce the cooperation of the witness or victim by remaining sympathetic to, and cognizant of, his or her motives, so that continued cooperation will be forthcoming.
4. To remain aware at all times of the legal requirements in electronically recording and otherwise documenting interviews.

Relevant Skills:

1. Note taking and report writing
2. Analysis of victim/witness motivations

Resource Materials:

Edelhertz, et al. The Investigation of White-Collar Crime, pp. 261-262 and Chapter IV, pp. 153-166. Washington, D.C. Government Printing Office, 1977.

"Financial Interviewing," in Financial Investigative Techniques: Student Coursebook. Arlington, VA: U.S. Internal Revenue Service, National Training Center, 1978.

Condon, Richard. Interviewing and Interrogation in White-Collar Crime Enforcement. Seattle: National Center on White-Collar Crime; forthcoming, 1980.

Enforcement Issue: Investigation:
Interviewing Suspects

Instructional Goal:

To enable personnel to determine when, how, and under what conditions during the course of the investigation they should arrange to question those centrally involved or victimized.

Rationale:

Depending upon the nature of the case and progress of the investigation, it may be helpful at some point to interview suspects. The investigator's purpose may be to incriminate the suspect, or to persuade the suspect that the strength of the evidence against him or her warrants a plea of guilty. Since white-collar crime offenders can be better educated and more articulate than other criminals, investigators need to take special precautions and make extraordinary preparations when undertaking an interview. Interviews which are premature, either in terms of scheduling or in preparation, may result in the failure of an investigation.

Training Objectives:

1. To know at which point(s) in the course of a fraud investigation it is most beneficial to interview a suspect.
2. To understand the relative costs and benefits of conducting interviews at various stages of the investigation.
3. To remain cognizant at all times of constitutional and other legal requirements which can affect subsequent enforcement use of the products of the investigation.
4. To maintain a working relationship with a prosecuting attorney for the purpose of determining whether the suspect should be given a formal grant of immunity or other special consideration in return for his or her cooperation; and to avoid mistakes that, in effect, confer de facto immunity upon the suspect.

5. To distinguish between the enforcement implications of interviews held at the request of a suspect and those held at the request of the investigator; and to distinguish between the different considerations that would determine the investigator's procedure in each case.

6. To plan thoroughly for questioning and to postpone it, if necessary, until able to pose the desired questions.

7. To conduct an interview successfully in the presence of the suspect's attorney, but in the absence of a prosecutor.

Relevant Skills:

1. Note taking and report writing
2. Interviewing

Resource Materials:

Edelhertz, et al. The Investigation of White-Collar Crime, Chapter IV, pp. 167-172. Washington, D.C.: Government Printing Office, 1977.

Condon, Richard. Interviewing and Interrogation in White-Collar Crime Enforcement. Seattle: National Center on White-Collar Crime; forthcoming, 1980.

Enforcement Issue: Investigation:
Computer-Related Fraud

Instructional Goal:

To enable the investigator to identify, obtain, and preserve evidence of the range of fraud schemes and offenses growing out of the use of computers.

Rationale:

Computers can be used to produce false billings, account entries, and other instrumentalities to commit white-collar crime. This requires that investigators be familiar with the computer as a data-processing mechanism, with the various illegal methods for manipulating computer operations, and with special approaches that computer technology requires in the course of a fraud investigation. Investigators often avoid this type of investigation because of an unwarranted belief that expertise in--rather than familiarity with--computer operations is required. Therefore, it is important that investigators become familiar with basic computer operations and terminology, but they should also learn where to locate experts in this field who can furnish specialized assistance.

Training Objectives:

1. To develop a basic understanding of computer operations and terminology.

2. To understand how computers are used as a data-processing tool in governmental and business operations.

3. To use computer operation audits as sources of investigative leads that may reveal the vulnerability of a system to fraud.

4. To determine when, in the course of a computer fraud investigation, it may be necessary to enlist the services of a computer expert, and what questions to ask.

5. To understand requirements involving evidence gathering and preservation, including special issues in search and seizure, in computer-related fraud investigations.

Relevant Skills:

1. Document review and analysis
2. Knowledge of financial examinations

Resource Materials:

Becker, Jay. The Investigation of Computer Crime. Seattle: National Center on White-Collar Crime; and Washington, D.C.: Government Printing Office, 1980.

Edelhertz, et al. The Investigation of White-Collar Crime, Chapter V, pp. 199-210. Washington, D.C.: Government Printing Office, 1977.

Leibholz, Stephen, and Louis Wilson. User's Guide to Computer Crime, Chapters 1-4, 11, and 12. Radnor, PA: Chilton Books, 1974.

Enforcement Issue: Investigation:
Using the Computer as an Investigative Aid

Instructional Goal:

To familiarize personnel with methods of organizing investigative information for orderly retrieval and analysis through computers.

Rationale:

Investigators store large amounts of information inefficiently in their heads, on scraps of paper, in narrative reports, as well as in well-organized and indexed manual filing systems. Computers can assist with the organization and retrieval of information in individual investigations, and may also search through voluminous data in order to identify possible violations or patterns of such violations.

Training Objectives:

1. To monitor by computer the receipt, flow, and outcome of complaints received by the unit; and according to such criteria as type of victim, kind of fraud schemes, and method of operation.

2. To use computerized printouts of information such as billings in order to obtain possible leads for further fraud investigation.

3. To pose specific investigative needs so that a computer specialist can provide the necessary information needed by the investigator in areas such as procurement bidding and billing of Medicaid services.

4. To be able to input, retrieve, and use information about fraud perpetrators, their schemes, methods of operation, and other data as an aid to an ongoing investigation.

Relevant Skills:

1. Interagency liaison
2. Document review and analysis

Resource Materials:

Edelhertz, et al. The Investigation of White-Collar Crime, pp. 210-213. Washington, D.C.: Government Printing Office, 1977.

National District Attorneys Association. Evidence Tracking: A Manual for Prosecution Agencies. Chicago: National District Attorneys Association, 1979.

Enforcement Issue: Post-Investigation:
Presentation of a Completed Investigation to the Prosecutor

Instructional Goal:

To enable the investigator to present all of the products of a completed investigation to the prosecutor in a format that meets the prosecutor's basic requirements, and thereby enhances the likelihood of a favorable evaluation by the prosecutor.

Rationale:

Investigators normally submit their findings to prosecutors in the form of case summaries and collected investigative reports, supported by evidence displayed or described in an orderly manner which tracks the elements of the most likely criminal violations. This is frequently accompanied by some form of oral presentation. The loose format in which this material is presented may obscure the full value and impact of the investigator's findings. Often, what is needed is more than a technical summary of the evidence supporting the case. It is crucial that the presentation show: (1) that there is a prosecutable case; (2) how it should be presented in order to motivate the jury to return a verdict of guilty; (3) why the case is worthy of prosecution in the competition for court and prosecutor time; and (4) any community or public safety purposes that may be served by the prosecution. Where investigators have developed solid cases with sufficient evidence, frequently all that remains is that they organize the facts of the case into a tight, well-ordered, and coherent "package" for the prosecutor. This approach allows the prosecutor to make an accurate assessment of the merits of the case and to ask the investigator crucial questions based on the information presented.

Training Objectives:

1. To enable the investigator to gather and present the findings of the criminal investigation in a complete and concisely written factual summary covering the nature of the offense and all pertinent evidence.

2. To enable the investigator to make a complete and concise oral summary of the case.

3. To organize all case information in the form of investigative reports, statements, documentary and other evidence in a manner that facilitates thorough review and easy reference.

Relevant Skills:

1. Report writing
2. Interagency liaison

Resource Materials:

Edelhertz, et al. The Investigation of White-Collar Crime, pp. 195-198. Washington, D.C.: Government Printing Office, 1977.

Keutzer, Stephen H., and Clark E. Mears. Investigative Report Writing. Salem: Oregon Department of Justice, Special Investigation Division, 1975.

Internal Revenue Service. Financial Investigation Techniques. National Training Center, 2221 Jefferson Davis Highway, Arlington, VA 22202.

Enforcement Issue: Post-Investigation: Use of Civil and Administrative Remedies

Instructional Goal:

To make the investigator and prosecutor aware of the existence and value of noncriminal sanctions that can be invoked to meet objectives of prosecution, deterrence, and restitution.

Rationale:

Investigators and prosecutors frequently fail to make full use of information gathered in the course of an investigation, or the evidence which does not fall within their focus on making a criminal case. A number of civil and administrative remedies may be invoked, either in place of or in addition to criminal actions. These remedies obtain relief for the fraud scheme victims through restitution, and by effecting punishment, may also serve the objective of deterrence.

Training Objectives:

1. To assess the relative benefits of exploring civil or administrative alternatives early in the course of a fraud investigation, so that if there is a later fallback to a civil remedy, or if this option is selected initially, the investigation can most effectively proceed.

2. To develop interagency liaisons with licensing, revenue, and regulatory bodies early in an investigation in order to explore the complete range of available remedies.

3. To use such remedies as the Racketeer Influenced and Corrupt Organizations (RICO) law's civil provision,* and the Federal False Claims Statute; and to develop evidence according to the requirements of state and federal antitrust laws.

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*18 U.S.C. sec. 1964(c).

4. To develop complete knowledge of all regulatory and licensing bodies in one's jurisdiction, and the range of information available to them in applications, filings, and reports, including their powers to obtain documentary evidence and other evidence of possible fraud.

Relevant Skills:

1. Document review and analysis
2. Interagency liaison
3. Report writing

Resource Materials:

Blakey, et al. "Enjoining Illegality," Appendix to Rackets Bureaus: Investigation and Prosecution of Organized Crime. Washington, D.C.: Government Printing Office, 1978.

The Use of Civil Remedies in Organized Crime Control. Raleigh, NC: National Association of Attorneys General, 1977.

The Use of State Regulatory Action Against Criminal Infiltration of Legitimate Business. Salem: Oregon Department of Justice, Special Investigation Division, 1974.

"Federal False Claims Act: A 'Remedial' Alternative for Protecting the Government from Fraudulent Practices," 52 Southern California Law Review 159 (1978).